

IN THE UNITED STATES DISTRICT COURT FOR THE
DISTRICT OF SOUTH CAROLINA
GREENVILLE DIVISION

UNITED STATES OF AMERICA

Plaintiff,

v.

JOHN HOWARD ALEXANDER, a/k/a
HOWARD IRA SMALL, INDIVIDUALLY
and AS TRUSTEE OF THE ALEXANDER
FAMILY TRUST

Defendant.

Civil No. 6:08-cv-03760-GRA

DECLARATION OF JAMES C. STRONG

1. I am a trial attorney with the Tax Division at the Department of Justice, representing the United States in this action. I was admitted *pro hac vice* to this Court on November 21, 2008. (Doc. # 6).

2. Attached to this Declaration is a true and correct copy of the deposition transcript of John Howard Alexander, taken on July 27, 2009.

3. Attached to this Declaration is a true and correct copy of the deposition transcript of Heather Ferguson, taken on July 27, 2009.

4. Attached to this Declaration as Exhibit 2 is a true and correct copy of a document entitled Mortgage of Real Estate, filed on October 16, 2003 in Greenville County, South Carolina.

5. Attached to this Declaration as Exhibit 3 is a true and correct copy of a document entitled Mortgage of Real Estate, filed on July 27, 2006 in Greenville County, South Carolina.

6. Attached to this Declaration as Exhibit 4 is a true and correct copy of a document entitled Title to Real Estate, filed on October 16, 2003 in Greenville County, South Carolina.

7. Attached to this Declaration as Exhibit 5 is a true and correct copy of a document entitled "Your Privacy and Asset Accumulation Guide – by FTG Version 10/00." The document was attached to the deposition of John Howard Alexander as Plaintiff's Deposition Exhibit 15.

8. Attached to this Declaration as Exhibit 6 is a true and correct copy of a separate document entitled "Your Privacy and Asset Accumulation Guide – by FTG Version 10/00." The document was attached to the deposition of John Howard Alexander as Plaintiff's Deposition Exhibit 16.

9. Attached to this Declaration as Exhibit 7 is a true and correct copy of a document entitled "Family Trust." The document was attached to the deposition of John Howard Alexander as Plaintiff's Deposition Exhibit 17.

10. Attached to this Declaration as Exhibit 8 is a true and correct copy of a document entitled "Management Trust." The document was attached to the deposition of John Howard Alexander as Plaintiff's Deposition Exhibit 18.

11. Attached to this Declaration as Exhibit 9 is a true and correct copy of a document entitled "Banking Trusts." The document was attached to the deposition of John Howard Alexander as Plaintiff's Deposition Exhibit 20.

12. Attached to this Declaration as Exhibit 10 is a true and correct copy of a document entitled "Holding Trusts." The document was attached to the deposition of John Howard Alexander as Plaintiff's Deposition Exhibit 19.

13. Attached to this Declaration as Exhibit 11 is a true and correct copy of a document that is a Table of Contents for "Aware Management Administrative Trusts." The document was attached to the deposition of John Howard Alexander as Plaintiff's Deposition Exhibit 22.

14. Attached to this Declaration as Exhibit 12 is a true and correct copy of a newsletter entitled "Aware American" and dated September 1996. The document was attached to the deposition of John Howard Alexander as Plaintiff's Deposition Exhibit 23.

15. Attached to this Declaration as Exhibit 13 is a true and correct copy of a document entitled "The Aware Group's Referral Program." The document was attached to the deposition of John Howard Alexander as Plaintiff's Deposition Exhibit 8.

16. Attached to this Declaration as Exhibit 14 is a true and correct copy of a document entitled "Getting Started." The document was attached to the deposition of John Howard Alexander as Plaintiff's Deposition Exhibit 13.

17. Attached to this Declaration as Exhibits A-F are true and correct copies of IRS Forms 4340, Certificate of Assessments reflecting the assessments made against John Howard Alexander for unpaid income taxes for Tax Years 1990-1995.

18. Attached to this Declaration as Exhibits G-K are true and correct copies of IRS Forms 4340, Certificate of Assessments reflecting the assessments made against John Howard Alexander for civil penalties under 26 U.S.C. § 6700 for Tax Years 2000-2004.

19. Attached to this Declaration as Exhibit L is a true and correct copy of a Notice of Deficiency issued to John Howard Alexander on May 20, 1998.

20. Attached to this Declaration as Exhibit M is a true and correct copy of a Notice of Federal Tax Lien filed in Greenville County, South Carolina on February 17, 2005.

21. Attached to this Declaration as Exhibit N is a true and correct copy of an Amended Notice of Federal Tax Lien filed in Greenville County, South Carolina on June 4, 2008.

22. Attached to this Declaration as Exhibit O is a true and correct copy of a Notice of Federal Tax Lien filed in Greenville County, South Carolina on October 1, 2007.

23. Attached to this Declaration as Exhibit P is a true and correct copy of a Notice of Federal Tax Lien filed in Greenville County, South Carolina on October 22, 2007.

24. Attached to this Declaration as Exhibit Q is a true and correct copy of a Notice of Federal Tax Lien filed in Greenville County, South Carolina on May 20, 2008.

25. Attached to this Declaration is a true and correct copy of the Court's unpublished opinion in *Noske v. United States*, 1993 WL 78311 (D. Minn. Jan. 14, 1993).

26. Attached to this Declaration is a true and correct copy of the Court's unpublished opinion in *United States v. Kahn*, 2004 WL 1089116 (M.D. Fla. Mar. 30, 2004).

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Dated: September 25, 2009.


JAMES C. STRONG

GOVERNMENT
EXHIBIT

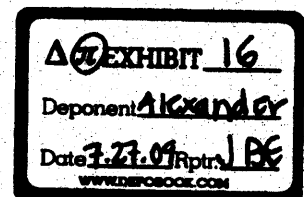
6-1



Providing The Absolute Solution in Privacy and Asset Accumulation



The Complete Privacy Protection Guide



Never has there been a more critical need to act to protect your financial well being than now.

The material included within this guide contain everything you need to understand Domestic and Offshore trusts, IBC's and OffShore Banking, so that you will have:

- A practical way to protect your assets from abusive lawsuits;
- A practical way to shrink the burden of income and estate taxes; and
- A practical way to safeguard your family's financial privacy.

THE GROWING PROBLEM - FOUR MAIN HAZARDS TO FINANCIAL SAFETY

Over the last 80 years or so, it gradually has become more and more difficult for Americans to keep what they earn. Today's rules mean that what is yours is yours - until the tax collector or someone else finds a way to take it from you. Here are the four main hazards.

1. The Constant Drain

Income from your investments isn't yours alone. The U.S. government claims up to 39% as tax - even though you put up all the capital and you take all the risk. And when you sell, you lose 28% of your profit to capital gain tax. *(You actually lose more than 28%, since inflation adds to your taxable profit but not to your real profit.)*

2. The Coup de Grace - Against You

Your entire estate - everything you have accumulated in a lifetime of paying income tax - is taxed again at rates up to 55%. And with the generation-skipping tax, property left to your grandchildren can be taxed at rates up to 80%.

Estate tax is the ugliest tax of all. It may force a grieving family to liquidate a business or real estate holdings at fire-sale prices. It can quickly turn a \$6 million estate into a \$2 million estate - or less.

3. Malicious Lawsuits

What isn't lost to taxes is exposed 24 hours a day to the threat of imaginative lawsuits - lawsuits from reckless government agencies and lawsuits from individuals hoping for a winning ticket in the litigation lottery. An average of 43,000 lawsuits are filed every day in the U.S. The wealth you've accumulated through decades of hard work can be snatched away at the bang of a judge's gavel.

And some government agencies don't even bother with a lawsuit. They seize property on their own initiative, and dare you to sue them. The IRS, for example, can declare a "jeopardy assessment" at any time and start grabbing your assets. There is no court proceeding. You get no hearing, no right of appeal and no warning. Since 1985 federal seizures have taken over \$2.5 billion from U.S. citizens. Billions more have been seized by runaway agencies of state and local governments.

The grounds for a government seizure or a catastrophic lawsuit can seem ludicrous - until you become a target.

4. Good-bye To Privacy

Financial privacy has become a rare commodity. The enforcement of today's tax laws is so merciless in its demand for information that honest people are left with few secrets. And even those details may show up in your morning newspaper if you ever are forced to defend against a lawsuit. Losing your privacy is

disagreeable in itself - and it worsens your exposure to lawsuits.

For many of us, the most strongly desired financial goal is peace of mind. We want the comforting knowledge that our lives will not be upset by sudden financial loss. But today, even among the very wealthy, these four hazards have reduced peace of mind to an all-time low.

Everything You Need



Please read all the materials carefully to decide whether you should establish a series of Trusts for yourself and your family. Everything you need to understand Trusts (*both Domestic and OffShore*) is in this book, and everything is fully explained. At the end of the book, you will find an order form for our 4-hour Trust video to further your Trust education.

The AWARE Group has been providing privacy and asset accumulation systems throughout the world since 1990. Constantly refining and improving our software since its inception.

The four Trusts that are on this program are written to serve a specific purpose.

They are:

- Management Trusts: Used for the operation of an existing or new startup business.
- Family Trusts: To manage your day-to-day personal affairs.
- Holding Trusts:.....This Trust is like a vault. Holding property for complete protection.
- Banking Trusts:.....Handles all financial matters with banks and brokerage firms.

Unlike with other Trusts, you have the ability to change the documents to suit your own personal wants or needs. And all Trusts come with full samples, instructions and certificates. We also offer complete offshore services. Information on going OffShore can be found through the table of contents that follows.

Table of Contents

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Financial privacy means that you decide who learns the details of your financial life.

The desire for such privacy is largely a personal matter. You may not think it's important. Or you may see it as the best protection of all - since what others don't notice will never be taken from you. Or you may see privacy as a source of comfort - just as most people feel more comfortable with the drapes closed in the evening.

If you do value privacy, you will find that Trusts will assist you in establishing a zone of privacy for your financial life.

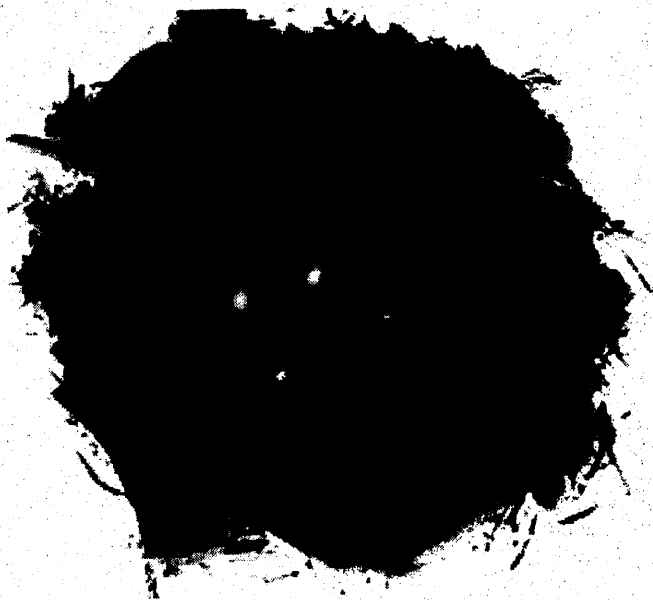
A would-be litigant might discover that you have "connection" with a Trust - probably by tracing your transfers of money and investments. But he won't be able to touch the contents of the Trust to get to you. To him, it will be an impenetrable black box. When your Domestic Trusts are in conjunction with OffShore Trusts and OffShore Bank's using OffShore Banking-you create a financial fortress.

At the End of The Day

You'll be less concerned when you read about the U.S. government's new spending plans and its need for more revenue, because you have a vehicle for protecting investment earnings. You'll no longer carry the uncomfortable thought that your entire financial life lies open to view by U.S. government agencies and others, since part of it - as much as you want - resides in the zone of privacy.

You will be free of worry over future threats of ruinous lawsuits. Part of your wealth will be beyond the reach of such litigation and beyond the reach of seizure.

And you will be less anxious about the problems the world may present to your children and grandchildren. You know they will have a financial fortress in a zone of privacy to turn to in times of trouble - an international "Red Cross" dedicated to their well-being.



Protect Your Family and Your Assets

In 1976, Nelson Rockefeller sought a Presidential appointment. He was asked by Congress how much money he made last year.

"\$650 million," he replied.

Then they asked how much he paid in taxes...

"Nothing," he answered.

Now, you can put his secret to work reducing your taxes, protecting your assets, dramatically enhancing your personal and financial privacy, and increasing your wealth-with amazing ease.

Imagine having your bank accounts seized. Just like the more two and half a million seized in the U.S. last year. Or a frivolous lawsuit wipes you out. Your home, business, Gone! Sound farfetched? Then consider this... Thirty-nine thousand new lawsuits are filed daily And it's now a federal crime to deposit \$9,000 in cash in your bank account two days in a row. Each year, 25,000 new regulations are imposed on U.S. citizens. If you have assets-you're at risk. But now you can protect yourself.

Until recently, only a super-wealthy few have enjoyed this kind of ultimate protection. The mega-rich families of the world -- Carnegie, Rockefeller, Ford, Kennedy, Hunt, Mellon, and Getty -- ALL use this little known and incredibly powerful secret to build and protect their wealth... and now you can too.

The following is a shocking -- but true -- story.

It was 1969. Angry and distraught parents had just buried their lovely and talented 28-year-old daughter. She'd tragically drowned in a car that went off a bridge in Chappaquiddick Island, Mass. That car's driver was the hard-drinking patriarch of one of America's wealthiest and most powerful families.

They tried to sue him. Much to their surprise, they discovered that this man owned NOTHING. It turns out he was the manager for about 150 trusts -- through which he maintained absolute control of all his worldly assets.

So, the family decided to sue whoever owned the car. They were shocked to find out that the car was also owned by a Trust, which now had as its total assets... one waterlogged, wrecked Oldsmobile.

He was *untouchable*. The lawsuits went nowhere.


There's no better way to acquire and protect wealth than by the effective use of Trusts.

Now You Can Enjoy The Awesome Power Of Pure Trusts

Have you felt frustrated with confiscatory tax rates? Angry about the routine disrespect for your privacy? Worried about getting sued? You are not alone.

(The danger you face from frivolous lawsuits is real. A blind man stepped on a woman's toe and she sued the guide dog training school for \$160,000. Crazy. It's an epidemic -- 39,000 new ones are filed every day! And multimillion dollar payoffs are up 4,000% since 1974.)

Now, you can inexpensively and effectively design Trusts that specifically meet your personal needs... Privacy. Liability Protection. Tax reduction.



If you have...

ASSETS you want to protect
TAXES you prefer to lawfully reduce or avoid
PRIVACY you need to gain
CHILDREN whose future you would like to insure
LIABILITY you desire to limit...

...Then you need **Trusts** to achieve all of these goals...

Lawfully Stop Government Property Seizures

The U.S. Government has seized **BILLIONS** of dollars in assets from citizens who thought they were protected by "due process of law" The government is stomping on our property rights. And our right to privacy.

- An Alabama dentist, Richard Lowe, found this out the hard way. The U.S. government seized \$2.6 million -- his life savings -- because he transferred it from one account to another with a series of checks. There was no crime involved -- just a simple failure to notify the IRS of the transaction.

The government never claimed the funds were generated illegally. They didn't have to. It's perfectly legal for prosecutors to seize your legally earned after tax income. All you have to do is violate one of their hundreds of thousands of regulations.

After they seized his money, Dr. Lowe couldn't pay his taxes. So they placed liens on his remaining property. He had his lawyer hire a PR firm to tell his side of the story. So the prosecutors charged him with conspiracy!

- Dr. Lowe could have avoided this travesty if -- he had known the regulations and followed them... or if he had lawfully transferred his money to a suitable offshore Trust. There his assets would have been unavailable for seizure. (*O.J. Simpson knows these secrets too.*)

Trusts are unquestionably the best form of asset protection available today.

THE PROBLEM

SUIT ORIENTED SOCIETY AND A SYSTEM FULL OF PITFALLS AND DEVASTATING TRENDS

The problem of liability has grown to mammoth proportions. It is a monster out of control, destroying businesses, families, and all those who are unprotected that stand in its way. Buying liability insurance used to be a simple matter for the business owner, but now obtaining liability insurance has become a problem so intense that many business and professional people either cannot afford insurance, or cannot find an insurance company which will assume their liability at any cost.



Small businesses are coming under attack more and more. It seems that just opening your doors to the public is a high-risk venture in today's climate. The liability crisis seems to know no bounds. It affects almost every kind of business. It seems that if one is successful and turns a profit, there will most assuredly follow a lawsuit that will attempt to attach those profits.

Many small business operators have come to share the frustration of a roller skating rink operator who, after trying in vain to replace her liability insurance policy, was heard to say, "I'll just operate without insurance, and if anyone sues me, I'll hand them the keys to this place and walk away." Although that may seem like a possible solution to her problem, the truth is that not only are her business assets vulnerable, but as operator of the business, her personal assets are also at risk.

Everyone knows how destructive liens and foreclosures have been to families who never thought it could happen to them, and how adverse judgments from questionable lawsuits and bankruptcies occur on a daily basis. Do you know that even if you put all your assets in the name of your spouse and children, the courts are now letting your creditors seize the assets in your spouse's and children's names? Do you know that, as a director or officer of a corporation, you can lose all your own personal assets if the corporation is sued?

THE PROBATE TRAP

Every day heirs lose an average of 25% to 35% of their inheritances to probate costs and death taxes. Under present-day law, all property owned by a deceased must enter into the probate system before any property can pass to the heirs.

An article in Business Week Magazine realistically appraised the problem concerning wills and probate. "Named in a will?" it, asked. "It can take years for you to collect." The story continued, "If you suddenly discover that you are the beneficiary of an estate, don't be too fast to order your yacht. These days it can take years for rightful heirs to collect their legacies. Legal and court costs, as well as taxes and debts can sometimes shrink an estate to a pittance.

Don't try to hasten things along by pressuring the executor or his attorney. No matter how efficient they are in assembling the assets of an estate, claimants get a crack at the estate before you can collect a

penny. Creditors have from four months to a year, depending on state law, to make their claims. Then the federal and state governments take their slices. Within nine months of the person's death, the executor is required to file federal estate tax forms. But the IRS can take another year to audit the return, and state tax agencies can take a few months before they too are satisfied."

Reader's Digest noted in an article titled, *"The Mess in Our Probate Courts"*. "Inflated fees, paralyzing delays, patronage - these are only some of the many ugly abuses fostered by our inefficient probate system. The high cost of dying is not the funeral. It's the legal and administrative costs of getting the deceased's estate and lifetime earnings through the probate courts. This legal institution, intended originally to help the average family, has become a means of exacting an onerous ransom from the bereaved." One legal expert alleges that 35% of all wills are broken. The way the present system is set up almost invites abuse.



Stories of estates being completely wiped out while going through probate are not uncommon. Robert Kennedy, while he was Attorney General of the United States, called probate, "a political toll booth exacting tribute from widows and orphans." All of these devastating realities lead people to ask how they can lawfully minimize the possibility of losing their homes, retirement pensions, savings, or other valuable assets. Yet the brutal truth is that it happens every day! Families and individuals work hard to accumulate assets, but fail to plan for the protection of those assets. Financial difficulties arise, and families and individuals find themselves wiped out, more times than not, with little warning.

It is neither immoral, unethical, nor unlawful to provide maximum protection from creditors by putting assets into Trust. In fact, it is more like an obligation to yourself and your family to protect and preserve what God has given to you.

The answer is to learn how to do it yourself, through the use of Trusts.

THE SOLUTION

DEPLOY AND DISPERSE ASSETS THROUGH THE USE OF A SYSTEM OF PURE TRUSTS

You can provide continuing benefits to your heirs for many generations and provide peace of mind, security, and privacy for your financial affairs. Listen to what the law books have to say about the advantages of properly structured Trusts. The following is quoted directly from Volume 76 American Jurisprudence 2d, Section 1, entitled "Trusts":

"Perhaps the most amazing part of the Anglo-American Law is the legal institution known as the Trust. The Trust is a comprehensive institution: It is as flexible and elastic as a contract, since it can be employed with minimum formalities and utilized for any purpose which does not contravene statutes or public policy."

Originating in the civil law courts, and subsequently expanding in the courts of chancery, the Trust has been employed by attorneys as an effective legal device in nearly every field of human activity. As aptly stated by one court, "the Trust device has been used for many different business purposes in recent years, and we are certain that astute attorneys will discover new uses for the Trust in the future." Of particular practical significance is the availability of the Trust, as a means of separating the benefit from the burden of ownership.

A PURE TRUST CAN PROVIDE THE FOLLOWING BENEFITS

Liability Protection

The full title to your assets will pass to the Trustees of the Trust organization. The assets cannot be attached because of judgments and liens, which may later be placed against you.

Estate Planning

Because assets transferred to a Trust organization are no longer in your personal estate, you can avoid expensive probate costs, as well as estate and inheritance taxes. In addition, the Trust organization is not affected by your death, so you have the peace of mind of knowing that your heirs will not be fighting over those assets upon your death.



Privacy

Walt Disney understood the importance of privacy. The land where Disney World is now built was acquired through Trusts. The anonymity given by the Trusts allowed him to save untold dollars in acquisition costs over what prices would have been if people had known that Disney was going to build there. With a Pure Trust your assets are no longer in your name but in the Trust name; therefore, there is no public record of personal ownership. Additionally, the Trustees have a fiduciary responsibility to keep the business of the Trust organization private. The United States Constitution and a number of Supreme Court decisions ensure the privacy of the books and records of the Pure Trust.

Tax Reduction

"Anyone may so arrange his affairs that his taxes shall be as low as possible; he is not bound to choose that pattern which will best pay the treasury; there is not even a patriotic duty to increase one's taxes." Judge Learned Hand in *Helvering v. Gregory*, 69 F.2d 810 (1934).

In Supreme Court case, Justice George Sutherland stated: "The legal right of a taxpayer to decrease the amount of what otherwise would be his taxes, or altogether avoid them, by means, which the law permits, cannot be doubted." *Gregory v. Helvering*, 239 U.S. 465, 469 (1934).

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As the distinguished judges above stated, it is your right to legally avoid any tax possible. The Pure Trust is an excellent vehicle for legally doing so. In *Weeks v Sibley*, (D.C.) 269 F. 155, the court stated, "A Pure Trust is not illegal if formed for the express purpose of avoiding taxation." In Volume 47A of *Cornus Juris Secundum*, Section 394, under the title "Use of Trust for tax avoidance," it states: "The fact that under the Code, a Trust is a separate taxable entity has given rise to the use of Trusts by individual taxpayers to avoid or mitigate the income tax burden on themselves or their beneficiaries."

The 1985 Federal Tax Guide stated the following. "U.S. taxpayers may also use tax havens for tax planning reasons. Some transactions conducted through tax havens have a beneficial tax result for U.S. taxpayers that is completely within the letter of the U.S. tax laws."

TRUSTS: WHAT ARE THEY?

Black's Law Dictionary defines a Trust as "A right of property, real or personal, held by one party for the benefit of another." That's simple enough: however, there are many different types of Trusts in use today, for a variety of reasons.

The Pure Trust is created under the common law right of contract as guaranteed in Article I, Section 10 of the U.S. Constitution. In *Schumann-Heink v. Fulsome*, 159 NE 250, 58 AIR 485, the court refers to this when they state the following, referring to common-law Trusts; "(T)hey are created under the common law of contracts and do not depend upon any statute." The Pure Trust's legitimacy has been certified time and time again by the Supreme Court of the United States.

The Pure Trust, is the ultimate in privacy and confidentiality. In terms we all understand, Trusts protect you from:

1. LAWSUITS
2. PROBATE
3. INVASIONS OF YOUR FINANCIAL PRIVACY
4. ESTATE TAXES

Asset Protection Systems cannot be altered in any way by:

1. DEATH
2. INSANITY
3. INCAPACITY
4. BANKRUPTCY
5. and it is not subject to THIRD PARTY LIABILITY.



Trusts can render your assets JUDGMENT proof!

WHY MUST THE PURE TRUST BE IRREVOCABLE?

So that there is no question as to your still owning the Pure Trust property, the Pure Trust must be irrevocable. A revocable Trust is one in which the Settlor can change his mind and cancel the whole transaction, thereby taking back all assets placed into the Trust. Unfortunately, a revocable Trust provides no protection to the estate from future claims against the Settlor. For example, someone sued you for no reason, but due to inexperience, lack of knowledge on your part, or perhaps even incompetent legal advice, a judgment against you is obtained. If you had a revocable Trust, the judgment, regardless of how the judgment was obtained in the first place. Since the purpose of the pure Trust is to preserve and enlarge the estate, you would not want this type of attack to diminish the assets of the pure Trusts.

In addition, if you revoked the Trust and got the assets back, you have gained nothing in probate or income tax savings at all. Even if you die before the Trust expires, in some jurisdictions, the value of the revocable Trust estate is placed in your estate for probate and tax computations. Under federal law, the total value of a revocable Trust is placed in your estate for federal estate tax purposes.

To maximize the benefits of a trust, it should be irrevocable.

WHERE DO TRUSTS COME FROM?

The first known Trust was used by Plato for his university in Greece around 400 BC. Trusts were known in Roman law as well. In England, Trusts were used as early as the 11th century, and by the 15th century, were being enforced by the Courts of Chancery.

WHAT ABOUT HERE IN AMERICA?

The colonists brought Pure Trust organizations to America. The first Pure Trust of record was drafted in 1765, twenty-four years before the adoption of the Constitution, by the famous attorney and patriot, Patrick Henry, for Governor Robert Morris of the Virginia Colony, who was a prominent financier of the American Revolution. The Trust was named "The North American Land Company," and this Pure Trust is still in operation today, over 200 years later.

In 1804, William Bingham, a man reputed to be the richest American when the thirteen colonies won independence, started a Pure Trust for his vast estate. At one time, the Trust owned two million acres in Maine, which it sold about the time of the Civil War. Besides being a very large landowner, Bingham was a Senator from Pennsylvania of the Second United States Congress. The Trustees terminated the Trust in 1964, after some 160 years of operation, because of the multiplication of beneficiaries (*totaling 315*), and the sale of the last properties involved. Throughout the years, the income from property or proceeds from the sale of the land is distributed to the beneficiaries. It was not affected during its period of existence by the death of its creator, or by the death of a beneficiary, or by succeeding Trustees, probate, or death transfer taxes.

MORE PURE TRUST ORGANIZATIONS

Arnold Hoffman, then president of the Mesabi Iron Company, transferred the assets of the company to a Pure Trust. Announcing in the Wall Street Journal on March 13, 1961, that the Commissioner of Internal Revenue had ruled that the Trust would not constitute an association of persons taxable as a corporation.

The Mesabi Trust owns the reserves of the famous Mesabi iron deposits, and its shares of beneficial interest are still traded daily on the New York Stock Exchange.

Another example of the Pure Trust used for a family estate is that of the Joseph Kennedy family. Joseph Kennedy, father of the late President John F. Kennedy, originally established a Pure Trust to own the famous Chicago Merchandise Mart. The Kennedy family is known to maintain several other Pure Trusts for tax shelter purposes as well. One such Trust was reported in the March 22, 1947 issue of The Chicago Tribune with the caption. "Kennedy Divides Merchandise Mart." This was a Trust agreement in which Kennedy's wife, Rose F. Kennedy, and a longtime associate, John L. Ford, joined as Trustees of the Trust to distribute the thirty million-dollar Chicago Merchandise Mart among members of the Kennedy family.

William Waldorf Astor created a fifty million-dollar Trust estate by a conveyance to Trustees recorded in New York on August 15, 1919. He saved his heirs several million dollars which otherwise would have gone for probate costs and death taxes, had the estate been distributed by the court instead of by the Trustees.

The Rockefeller family has used various kinds of Trusts as a means of maximizing privacy. Before his death in 1937, John D. Rockefeller tucked much of his fortune into about 70 Trusts for his descendants. The vast web of individual and group funds represents assets of considerably more than one billion dollars. It is believed that Nelson A. Rockefeller reduced his personal holdings by the creation of still more Trusts for his grandchildren and great-grandchildren. It has been reported that there are well over 100 and perhaps 250 individual Rockefeller Trusts by now.

Some persons who claim to have been close to the family of the Texas oil billionaire. H. L. Hunt, estimate that there may be as many as 200 Hunt Family Trusts now in existence. The death of H. L. Hunt did not affect any of these Trust estates, because the family correctly arranged its affairs.

In 1966, Ronald Reagan established a Trust, which has enabled him to receive sizable tax advantages over the years, while maintaining a magnificent living standard.

These are but a few of the many family estates that are preserved, generation after generation through the use of the Pure Trust organization. You too can take advantage of the same opportunities for yourself and your family.

Advantages of Pure Trusts for Privacy and Asset Accumulation

1. The Constitution for these united states of America, and Supreme Court decisions guarantee every aspect of the Pure Trust is lawful and proper.
2. The Pure Trust is inexpensive to establish and can be maintained by you, without an attorney, and involves minimal paperwork.
3. The Pure Trust is lawful in every state and can do business in more than one state at a time.

4. The Pure Trust is a lawful person and can own, buy and sell property and other assets. It can sue and be sued.

5. The Pure Trust can easily change title of your assets, but you may use of and enjoy the property during your lifetime.

5. To avoid the question of true ownership of the assets, the Pure Trust is irrevocable.

7. The Pure Trust prevents any information about your assets, liabilities and heirs from becoming public.

8. The Pure Trust is NEVER subject to probate or estate taxes.

9. You can use the Pure Trust to control your tax liability.

10. The Pure Trust has most of the advantage of a Corporation with none of the disadvantages.

11. The Pure Trust can operate anywhere in the world as a lawful business.

12. The Pure Trust has no periodic or accounting to make to any state or government.

13. The Pure Trust has the same Constitutional guarantees as any individual, that is, the right to privacy, freedom from unwarranted search and seizure, to refrain from self-incrimination, and all other rights.



FREQUENTLY ASKED QUESTIONS ABOUT TRUSTS

The following is designed to answer most of the questions that you may have. It is not intended to answer every question, as everyone's situation will be different. The majority of answers in this section will be meant to pertain to the Family Trust only. However, when there is any difference in the way the Management version would be handled, we will point that out.

1. What is a Pure TRUST?

A PURE TRUST is one in which the three parties of the TRUST (*Settlor, First Trustee and Beneficiary*) are, in fact, three separate entities. Most of the time, if a person sets up a Pure Trust or some similar type of Trust, they are led to believe that one person can control AND hold possession of the assets of the Trust. That is not the case. That is considered to be a conflict of interest and can destroy the credibility of the TRUST. To keep with the form of a PURE TRUST, you must have three separate entities (either real or artificial) holding the three different positions.

2. Are the Trusts you provide, Pure TRUST?

Yes, most definitely! All are PURE Contractual TRUSTS called a "Declaration of Trust" They are based on Common Law and recognized by Statute as a Common Law instrument.

3. What is the difference between a Pure TRUST and a Living TRUST?

A Living Trust can be operated by the same person who benefits from the Trust structure. In a PURE TRUST, you can't do that. There has to be a minimum of three entities. The Settlor, the First Trustee and the Beneficiary. The TRUST is setup by the Settlor and the First Trustee for the benefit of the Beneficiary. If it was found that you actually still owned the assets that you were still controlling, anyone could pierce that veil. The whole scenario is as follows:

The Settlor passes property to the Trust organization by way of an "exchange" for Shares of Beneficial Interest called Trust Certificate Units. This allows the newly created Trust to escape having to pay a "gift" tax on receiving the initial assets. After that, anyone can donate, gift, will or sell assets to the TRUST. It is at that time, that you, the Trustee (or General Trust Manager), decide to transfer your possessions into the Trust organization.

Living Trusts do not provide protection against lawsuit or government asset seizures, neither does it have any tax saving benefits, since it is revocable and deemed a Grantor Trust under the Internal Revenue Code; thus, the Grantor is taxed personally on all the Trust's income. The Pure Trust is irrevocable. In a Pure Trust the Grantor completely relinquishes ownership; thus the Trust offers full liability protection and tax savings.

Living Trusts are governed by statute law in the state where they are set up. The Pure Trust is a contract and, as such, is governed by Common Law, and protected under the Constitution for the united states of America.

Most Living Trusts do not qualify as contracts for the following reasons:

- A. Usually there is not two different parties. One party is usually the Grantor and the Trustee. Therefore, there is no "contract" between two different parties in the sense of the constitutional meaning. Also the government generally recognizes husband and wife as one entity.
- B. Living Trusts are revocable; thus the Grantor never gives up control over the assets, and the Trust lacks consideration between the parties.

A Pure Trust qualifies as a contract for the following reasons:

- A. There is an offer and acceptance between two or more parties who are legal age and competent.
- B. There is a consideration paid between the parties, including a legal object.
- C. There is a termination date, but the Pure Trust can be renewed indefinitely.

I. What makes your TRUST such a powerful instrument?

1 Pure Trust is a Common Law "identity" (*lawful person*), based on the unlimited right to contract,
2 established in Equity, and not dependent upon statutory jurisdiction.

The main reason they are so powerful, is that they are written under Common Law as a PURE TRUST. There is no other structure that exists in the Country that is more powerful and more flexible for business purposes, that is written under Common Law. Most states do have a Statute that will recognize a Common Law document.

5. Are the Trusts usable in any State or Country?

Yes. You can operate under the control of U.S. Common Law. If you wish to establish jurisdiction under any other State, Province or Country, simply change the situs address by appropriate Minute.

6. Do I become more vulnerable if I operate them in another State or Country from where the Trusts are situs?

No, not at all. The TRUST jurisdiction is what controls how the TRUST is treated. It's the same as when you sign a contract with a company and they tell you in the fine print that their State's law takes precedence over any legal matter that may develop. They are simply stating the jurisdictional properties of that contract. Remember, this TRUST is ALSO a contract.

7. Are the TRUSTS written under Common law or Statute law?

They are written under Common Law with no preference to jurisdiction of Statute Law. There are some Statutes mentioned that give it guidelines but no jurisdiction. The TRUSTS specifically mentions that certain Statutes are only applicable if they allow the TRUST to remain under the jurisdiction of Common Law.

8. Is it advantageous to have it established in certain states?

It makes no difference what state it is established in, as long as that state recognizes a Common Law document as being valid. Even if your state does not recognize a Common Law document as being a legitimate form of conducting business, doesn't mean the Trust is not valid. For a Common Law Contract to become valid, does not mean that it has to be recognized or approved by a statute. Look up the Statutes in your state. They should state something to the effect that a Common Law document is allowed to exist and function within that state. The Trust document we have establishes a "Declaration of Trust" which is a Contractual Agreement or a PURE TRUST.

9. What is the situs?

The "situs" is the dominating or controlling address that sets the jurisdiction of the TRUST. You can change the situs, if you wish the jurisdiction to be set in another State, Country or Territory.

GOVERNMENT
EXHIBIT

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10. May I change the situs?

Yes, you are free to move the situs to any location you choose. You must only document it through appropriate Minutes.

11. Can I change the mailing address?

Yes, you can change the mailing address to any address in any state or Country that you prefer. Just do so with the appropriate minutes. Some people prefer to only change the mailing address and leave the Situs address. That is okay, too.

12. Can the TRUST operate a business?

Yes, the Management version is obviously written to accept any new or existing business. The Family version, however, strictly prohibits any NEW business startups. Both Trusts are separate entities and can own and operate a business on their own.

The simplest way for a Trust to generate income is for the Trust to own business property and lease that property to individuals who use it in their business. This avoids the headaches of employer-employee confrontations, business-related taxes, business-related liabilities, and the like. However, if it is so desired, a Trust can operate the business itself, or several businesses for that matter.

If operating a business with a Trust structure is desired, it would be wisest for the primary Trust to set up a second Trust just for the purpose of running that business. The primary Trust could hold all of the certificate units of the second Trust. The reason for a second Trust is the same as for setting up a Corporation to run a business, i.e.; it limits the liability of those operating the business to the assets of that business. The primary Trust would be liable for the debts and the liabilities of that business. For the same reasons, if more than one business is desired, there should be a Trust for each business. There is no limit to where a Trust can conduct its business. It can do business in any and all states regardless of its domicile.

13. What is the main difference between the Family, Banking and the Management versions of the Trusts?

The main difference being that the Banking version can help you to deal with some peculiar banking policies. This means The Banking Trust allows you to go to your favorite bank and open an account in the Trust name. The Management Trust is for handling your personal business and to act as an intermediary between your Banking and your Family Trust. The Family Trust is for managing your

personal assets (Home, car, daily purchases etc....) which can then be placed in Holding Trusts.

4. How Can I Protect my business assets from financial disaster?

Set up a TRUST right away! No kidding! As long as you are not operating under the protection of a TRUST, you are so vulnerable to so many things, it's scary. Just a frivolous lawsuit alone could wipe out the best of independent entrepreneurs. Don't delay to long without doing something. GET PROTECTION! That's the bottom line!

15. What is required for the Banking TRUST to open an account?

Some people have been fortunate enough to be able to open the account without either a social security number or an EIN. You might be able to get by using a substitute form for W-8, which is for entities that don't have a social security number, or an EIN. More than likely, though, you'll need an EIN to open the bank account. Some banks will want to treat a Trust like a Corporation when they hear the word "Trust". For others, it makes no difference what kind it is, they will treat it like a business. Then again, if you look hard enough, you'll find the bank that treats all Trusts like a non-personal account. They won't need to look at the document at all. They'll just ask you to sign an "affidavit" stating that you are the Trustee and that you have the right to open this account. They may even state that you must have a "Successor-Trustee" named in the Trust, which your document suggests anyway. Our suggestion is to talk to the banks NOW. That way, once you find the ones that don't need to SEE your handiwork, you're free to put what you need in the document without fear of deceiving anyone. Plus, the money you'll save in filing fees alone will more than pay for this TRUST System.

16. What if I get sued? What happens to the TRUST assets?

Nothing. Since you do not own the assets placed into the Trust, and they are instead owned by the Trust, any lawsuits against you cannot affect the Trust. However, if possible, you must establish the Trust before you get into legal difficulties!

The TRUST assets belong to the TRUST. Your assets belong to you. If someone sues you, they can not get what is owned by the TRUST. If you have already passed ownership of your assets to the TRUST, then no one can get at them if they are suing you, the individual.

17. Can Creditors of the Trustee get to TRUST property?

Again, if the TRUST holds ownership to certain assets, those assets belong to the TRUST and not to any of the Trustees, individually. The Pure Trust is never liable for the personal debts of Trustees. While the Trust holds title to the assets, you exercise complete, practical control over the assets.

18. Can the TRUST be sued?

Of course it can. It is a legal entity all by itself. The only liability the TRUST has is its assets. If the TRUST has limited assets, you have no worries. If it was to lose a lawsuit and have a judgment filed against it, the only thing they should be able to get is the current assets of *that* TRUST. The trick here is to limit how many assets you place into a given Trust. Persons with more assets should consider setting up more than one Trust. Since this Trust System would already be paid for, there are really no additional expenses for you to worry about in setting up two or ten more different Trusts. This Program gives you the authority to set up as many Trusts as you need, so long as they are for you only. You may not, however, use your Program to set up a Trust for someone else and you may not resell this information, either directly or indirectly. Remember this is a copyrighted computer program licensed to the purchaser only under the agreed license agreement.

19. Can the TRUST sue others as well?

Yes! If someone has wronged the well being of the TRUST, the TRUST can sue in court for damages it feels are justified. If I was to authorize a TRUST to sue someone, I would first transfer some of the assets OUT OF THE TRUST NAME in case they COUNTER SUED.

20. What if I should go bankrupt?

A Trustee, you going bankrupt will have no effect on the assets of the TRUST because you do not own those assets. John King placed roughly \$240 million in a Trust for his family, and later went bankrupt with over \$40 million in creditor claims. The court ruled that his Trust did not have to pay any of the claims, and it kept the entire \$240 million intact for his family. John King maintained a magnificent living standard throughout his bankruptcy.

21. What if I should get a divorce?

A divorce has no effect on the assets of the TRUST. Again, those assets are owned by a third entity, the TRUST, and not one of the parties involved in the divorce. One thing to note is that once assets are transferred to the TRUST, neither party has any marital rights to those assets in the event of a divorce. Trust property cannot properly be part of a property settlement.

If the divorce is a "friendly" one and both spouses want to keep the Trust, the Trust can continue in the same manner as it always did. If the two spouses do not want to remain co-managers of the same Trust, than another Trust can be created, and part of the property transferred into the second Trust. This way, each spouse would manage a separate Trust without interference from the other spouse. If no agreement can be reached, than the assets of the Trust can be transferred according to the separation agreement and each spouse can go his or her separate way.

If you feel there may be a problem with an upcoming divorce, it's best to resolve the custody problems first, before considering a TRUST for family matters.

22. Can the TRUST be used as an alternative to a prenuptial agreement?

Yes. The party that would be interested in protecting their interest, would form the TRUST and place their assets into it before committing to marriage. That way, no dispute can arise later because the assets did not belong to the individual the day they were married.

23. If a TRUST is so good, why doesn't everyone use one?

Trusts have been in use for centuries. The super rich use Trusts all the time to preserve their assets and let them accumulate. Of course they do not advertise their secrets: thus their strategies, for the most part, remain private and exclusive. Most attorneys will not inform you about Trusts either, because of their lucrative probate business. Norman Dacey, in his book, *How to Avoid Probate*, stated, "*I would put the proportion of attorneys who know about and recommend Trusts at less than 1%.*" Despite this effort of suppression, more and more people are becoming aware of Trusts and benefiting from their usage.

Truth is, not everybody can operate one. It takes a small degree of finesse and business savvy to understand and remain under the protection of a TRUST. The average person will not want to devote the time or the patience to grasp the knowledge and understanding they need in order to work through a TRUST. Sometimes, there are no clear-cut rules concerning Trusts. It may involve legal matters and rulings, etc. at times. It's clear, though, that those people who take more chances, end up with more in the end. It's like anything else worth having; The average person won't do it or take the time. Ever heard of the 80/20 rule? If you have, you know what I mean. If you haven't heard of the 80/20 rule, it basically means that 80% of the people are doing the "average" task at hand while the other 20% are taking risks and achieving the top incomes of the country. This rule can be applied to almost ANY scenario in this world. The fact is that the average person won't take the time, nor do they have a compelling reason to take the time to learn more about Trusts.

Now, obviously, you're not average or you wouldn't be reading this information. You've gone through considerable time and research to get this far in your understanding of Trusts and you're serious about wanting to understand all you can. YOU are the 20%. YOU are the EXCEPTION! Regardless of whether you pursue this program or not, you WILL become successful because you are part of the 20%.

24. Where does the TRUST get its name?

You are free to choose any name you wish. Most people use a name that partially describes what they are doing or they simply use a name of a city or location and add the extension "Holding Trust" or "Management Trust" "Family Trust" etc.... You MAY NOT, however, use one that sounds like a banking or lending institution. Common sense also tells you to stay away from names that could be confused with those that are already protected by a Trademark, Patent or Copyright.

25. Who places assets into the TRUST?

Anyone may, according to the bylaws, donate, will, sell to, or give to the TRUST, any assets they have, once the Trust is already formed. This is how YOU transfer YOUR assets into the Trust. After the Trust is established by the Settlor and First Trustee, anyone can place additional assets into the Trust organization.

Now, there's a number of ways to accomplish this and we will describe a couple of obvious choices. The rest is up to your own creativity and experience.

- A. You can "gift" the assets into the Trust. This will probably mean that the Trust MAY be subject to a gift tax on those assets. It just depends on your filing preferences.
- B. You can "sell" the assets to the Trust for fair market value. If there is not enough money in the Trust to "purchase" these assets from you, the Trust can "borrow" the money from someone. They could even borrow from YOU, the Trustee or Trust Manager. By doing this, YOU would ALSO have the unique position of having a FIRST LIEN against ALL the Trust assets.

The rest of the ideas are up to you. Get creative. Use other Trusts to loan the money. Use other Trusts to hold the lien, etc. There are many scenarios possible.

26. Who can be the Trustee?

One! Most people choose to be their own First Trustee. The one who contracts initially with the Settlor to donate assets to the TRUST organization for the benefit of the beneficiary(ies). This will give you some control over what happens to the Trust assets. If you choose not to be the First Trustee, you may contract with the appointed First Trustee for you to be the Trust Manager. The daily operational duties are usually delegated to the Trust Manager.

27. Who can be the Settlor?

The Settlor should be someone neutral, whether it be a friend, associate or partner. Someone, obviously, that you Trust considerably. Even though they won't have any day-to-day duties of maintaining the TRUST, they have the initial input as to who the beneficiaries should be. It is the Settlor's wishes that the Trust is contracted to carry out. The Settlor will be someone that signs the initial settlement papers (the original document) and then steps out of the picture for the most part. The Settlor gives up total ownership of the initial assets placed into the Trust (set up as \$100 cash initially), and gives up any right to change the contract because it is an IRREVOCABLE Trust.

28. Who and what is the Protector?

The Protector protects the interest of the Beneficiary(ies). The Protector is the person who watches over the manner in which the Trust organization is administered. If for any reason the Protector does not think the Board of Trustees, or an individual Trustee, is operating for and in the best interest of the Trust Certificate Unit Holders, then the Protector can dismiss, fire, and terminate the Board of Trustees, or any individual Trustee, and appoint a new Trustee in their place. This decision is based upon the Protector's discretion. It must be in writing and recorded in the official record of the Trust organization.

29. Who and what is the 1st Secretary?

The 1st Secretary is the recording secretary for the Board of Trustees and the Trust Organization. The 1st Secretary records the minutes of the Board of Trustees meetings and does not have a vote on the Board. The most important aspect of the 1st Secretary's position in the Freedom Trust Group Asset Protection Systems, is the 1st Secretary's right of approval to the correctness of the minutes before entering them as part of the official record of the Trust organization. There is a place on the minutes for the 1st Secretary to sign showing approval and recording.

The 1st secretary position is usually filled by the General Trust Manager, but this position can be held by anyone. If the position is not held by the General Trust Manager then careful consideration must be made as to who will be the 1st Secretary, because of the right of approval to the correctness of the minutes.

30. Who can be the Beneficiary(ies)?

If it were me, I would set up my children as beneficiaries. If you don't have children, use a brother, sister, niece or nephew, etc. that you can work with directly to support the credibility of the TRUST. If you don't know who to place as beneficiary, use the same person that you would use as heir in your will even if it's a charity. There's got to be someone that you would want to leave everything to in the event of your death.

31. Can artificial entities hold the positions of Settlor, Trustee and/or Beneficiary?

Yes! Any legal entity such as a Corporation, Charitable Organization, Limited Partnership or even another Trust can hold the position of either the Settlor, Trustee or Beneficiary. This is a tactic used when a person wishes to create multiple layers of protection by establishing more than one Trust. They'll create a host of entities that are all connected in various ways.

32. What is a Grantor and do I need one for the TRUST?

You will not be using the title "Grantor" in this TRUST. A Grantor is someone that donates assets to a Trust and then still remains in control of them. Contrast that with this situation. We have a Settlor that donates the property or assets and then relinquishes control over to someone else. This is the procedure of a PURE TRUST.

13. What is a TRUST Certificate Unit and TCU Holder?

A Trust Certificate Unit (TCU) is similar to a stock in that it represents beneficial interest to an asset or group of assets. A TRUST has one hundred (100) TCUs issued. No more and no less at any time. If there is one beneficiary, he/she will be issued 100 TCUs. There are generally four beneficiaries. The Settlor designates exactly how the TCUs are divided.

The TCUs are what the Settlor receives when he "transfers" his assets (the initial \$100 cash) to the Trust. He exchanges his assets for TCUs. He then directs the issuance of the TCUs to the assigned Beneficiaries in a separate letter attached to the Trust document (included with the Trust System).

A Trust Certificate is a legal document, signed by the Trustee and held by a Beneficiary, which expresses the extent to which he is Beneficiary of a particular Trust.

Pure Trusts have One Hundred (100) Trust Certificate Units (TCU's), that may be divided to accommodate up to 400 beneficiaries. For example:

- 10 Trust Certificate Units - Your Church
- 40 Trust Certificate Units - Your Son
- 40 Trust Certificate Units - Your Daughter
- 5 1/4 Trust Certificate Units - Grandson #1
- 4 3/4 Trust Certificate Units - Grandson #2

Trust Certificate Unit Holders, (the Beneficiaries), have no vote or power in the operation of the Trust, but have the right to receive distributions of money or property from the Trust.

34. Who can and cannot, be a TRUST Certificate Unit Holder?

Cannot be TCU Holder:

Protector, Trustee or any officer thereof.

Can be TCU Holder:

Anyone or any organization you desire (Yes, a Trust can be a TCU holder.)

35. Is there a need for a will if everything is in a TRUST?

No, not really. The Trust Organization is all an estate needs to direct the proper distribution of profit and assets. There is no probate, no inheritance tax, no gift tax, no tax period. The TRUST is all an estate needs to direct the proper distribution of profit and assets. You've already transferred ownership of your assets to the TRUST. Now, it's just a matter of who controls those assets. The one thing you want to keep current is the SUCCESSOR-TRUSTEE that will take over the control of the assets upon YOUR death. The Trust will remain intact and undisturbed, but control will pass to someone else that YOU designate NOW, at the time of setting up the Trust.

16. How do my heirs take over upon my death?

If your heirs are the beneficiary of the TRUST, there is no change needed. The Successor- Trustee takes over the control of the assets and they conduct business as usual. If your heirs were not the beneficiaries at the time of your death, and would like to be afterwards, the present beneficiaries need to relinquish their position and have it cleared by the Trustees. If your heirs simply want to CONTROL the assets like you did before your death, you need to make sure their name is established as "Successor Trustee" in the appropriate Minutes. That way, in the event of your death, they automatically take over your position as First Trustee.

37. Is this considered my TRUST?

PLEASE, DON'T EVER SAY THAT!!! You are in control of the TRUST if you are the First Trustee but it is NOT YOUR TRUST! It is not the Beneficiaries' Trust either. The whole purpose of the TRUST is to set something up for the benefit of the Beneficiaries. You can say that you "manage a Family Trust" or you "manage a Business Trust", but you should never imply or say that it is YOUR TRUST. In fact, it is not the Beneficiaries' assets either until they are distributed to them upon termination of the Trust or some early distribution as allowed in the Trust Indenture and Bylaws.

You have to be VERY CAREFUL with the wording you choose when dealing with a Trust because there are many people trying to trip you up, mainly the IRS. They may ask questions as to who owns the Trust. NO ONE OWNS THE TRUST! The Trust is a separate entity set up for the benefit of the Beneficiaries who do not have a vested interest in the assets yet. Only the Board of Trustees has a vested interest in the assets, and yet, the assets DO NOT FORM A PART OF THEIR OWN ESTATE! It is totally separate!

38. Do I still own the assets in the TRUST?

No. You will have transferred ownership of the assets to the TRUST, which is "controlled" by you. Your "use" of the assets (i.e. cars, house, etc.) can be considered as partial payment for your services as First Trustee. In fact, you should adopt a Minute that says exactly that. Once you transfer your assets into the Trust, you should adopt an appropriate Minute that gives the First Trustee limited use of those assets as partial payment for his services.

9. Does the TRUST pay for my personal things?

No. The Trust is established to take care of the Beneficiaries. You can spend Trust assets on them without any problem. However, if you want to pay for things for yourself with Trust assets, you must first earn a salary or commission fee. Then you can cash the check and buy what you need. Or you can simply make a Trust check payable to "cash" and cash it. Then you can buy what you need. Just be careful not to pay directly, to yourself, with TRUST funds, without proper documentation, for things that go "on" or "in" you. That's the best rule of thumb to use.

10. Does the TRUST need an EIN?

If you don't need an EIN, don't apply for one. In business dealings, it may be a little tough to avoid, though. You'll have things like payroll accounts, resale numbers and checking accounts that you'll need the EIN for. Actually, there's a plus side to the Trust having its own EIN. It clearly establishes the TRUST as a separate entity. Just always pay very close attention to how your daily business activities affect the TRUST assets and their relationship toward the IRS. A Banking or Management Trust would be the ones requiring an EIN Number.

11. How do I keep minutes for the TRUST?

It is very simple. You document any transaction that takes place, i.e. selling an automobile, buying a piece of real estate, opening a business, etc. You don't have to detail every aspect of each day's activity when running a business. Just the major decisions that are made with assets, debts, etc. Did you apply for a loan, buy new equipment, etc.?

12. Can I form more than one TRUST with Freedom Trust Group's Asset Protection System?

Yes, you may form as many Trusts as you wish, *for yourself only*. This helps when dividing up assets to limit one's liability from exposure. Persons who have more than one home or automobile usually elect to put each one into a different TRUST. If they should become involved in a lawsuit from a homeowner's accident (someone gets hurt on their property), or if they are involved in a car accident, the most they stand to lose is what is in that particular TRUST.

You may not, however, use your Trust Software to set up a Trust for someone else.

13. How do I transfer ownership of automobiles and houses to the TRUST?

Automobiles are a little different in each State. However, the basics are that you don't want to show a sale to the TRUST (to save on the minimum sales tax imposed by most states). Most States will get you for a minimum amount of sales tax, regardless of the sale price. What you want to do is go to the office that handles vehicle registrations and "add" another owner's name to the title (the name of the Trust you created). Then, about 30-45 days later (you're just waiting for all the paperwork to go through at the State

For homes and other real property, the procedure is basically the same with one exception. You may be able to add the TRUST name to the deed but you won't be able to remove your personal name from the actual "note". If the property is paid for, this won't be a problem. Actually it's not a problem either way. As long as the TRUST shows ownership. You can "quit claim" your ownership to the TRUST and still remain liable for the "note". That's fine because everyone would understand that YOU made the contract with the bank for the "note" and the TRUST did not.

44. How do I list my insurance for the cars and house?

As long as the items are owned by the TRUST, the insurance company will not have a problem listing the TRUST as policyholder. Remember, this is NOT some mysterious thing you are doing. It is only unfamiliar to you at the moment. You have to start thinking of this TRUST as a living and breathing entity. It is very real and has almost as many rights as you do. Just pretend it's a living being and you'll understand its role more easily.

45. Does a Trust have to be recorded?

Generally, a Trust is not registered with any jurisdiction. A Trust is a private arrangement. Normally, there's no filing requirement for accounting reports to any agency. On the contrary, there is no access provided to the activities of the Trustee except as arranged by the parties or through the courts, and that is not easy. The only time when recording of the Trust is necessary is when the Trust is holding real or Chattel property, such as a house, car or boat. Things that require a deed or title that is recorded. The general rule of thumb is that if the item going into the Trust requires filing then the Trust should be recorded as well. A holding Trust is generally used for this operation.

46. What about income taxes? Does the TRUST pay income taxes?

This is a discussion that could take days and still not answer everybody's questions as a whole. Individual tax situations vary from TRUST to TRUST just as they do from one person to another. There are basically two main choices to make:

1. You can file a 1041 form every year with the IRS like a statutory Trust (It is NOT a statutory Trust).
2. You can claim the status of an Unincorporated Business Trust Organization, which it is, and not file the voluntary assessment each year with the IRS. In the Constitution, you are granted the God-given right to contract with another person for business without being taxed on a "right" (Only "privileges" can be taxed anyway, "rights" cannot). Since wages earned are not considered "income," you would not be "liable" for any taxation.

We makes no claims whatsoever as to how YOU should handle your tax situation for yourself or for any Trust. That is something you need to discuss with your tax advisors.

17. Doesn't the IRS attack Trusts?

The Internal Revenue Service is a collection agency for the Federal Reserve Bank, and the international bankers. As a collection agency, it attempts to collect as much as possible from so called taxpayers. The IRS constantly tries to discourage people from doing anything that will save their tax dollars. The more you pay, the better it is for the IRS. However, there is nothing immoral or illegal about paying as little as the law allows you to pay in taxes.

A Judge highly respected for his legal opinions and often quoted, Judge Learned Hand, had this to say, in the case of *Helvering v. Gregory*, 69F.2d 809: "*Anyone may arrange his affairs so that his taxes shall be as low as possible; he is not bound to choose that pattern which best pays the treasury. There is not even a patriotic duty to increase one's taxes. Over and over again the Courts have said that there is nothing sinister in so arranging affairs as to keep taxes as low as possible. Everyone does it, rich and poor alike and all do right, for nobody owes any public duty to pay more than the law demands.*"

48. How can I protect my family from financial disaster?

By acting now! Timely action, before you have a problem is the most important ingredient for successful asset protection planning. There are some things that can be done if a problem already exists: however, depending upon the problem, the longer you put off doing something, the options become more and more limited.

49. How many Trusts will I have with Freedom Trust Group's Asset Protection Systems?

You have up to five different types of Trust: Family, Management, Offshore, Banking and Holding. You may write an unlimited amount of all five Trusts.

50. What about Property that is Encumbered?

To create protection for property: that is presently encumbered. Encumber it to your benefit, with another mortgage or Trust Deed from another Trust (which you control or benefit from). Further encumbering of the property may be done through a third Party or another "Trust Estate" for which you are the General Manager.

Make the total encumbrance on each property within its current market value. Then, in reality there is no beneficial interest or equity left in the property and no incentive for a bank or the IRS to try and auction the property. All encumbrances must be paid off first.

51. What About Refinancing?

Real Property can easily be refinanced while it is in an **IRREVOCABLE TRUST**. Lending institutions do it all the time either *refinance it while in Trust. or take out of Trust for two days. refinance it and put it back into the Trust Estate. The lending Institutions are aware that this is being done.*

IN A TRUST AN INDIVIDUAL GIVES UP OWNERSHIP BUT **RETAINS CONTROL!**



The richest and most economically sophisticated people in America own absolutely nothing but control vast amounts of wealth and property through Common Law Pure Trusts!

A Trust is defined as "a **right of property** held by one party for the benefit of another." Americans have the unlimited freedom to hold, transfer, sell, give away or dispose of their property in any manner they desire. It is neither immoral, unethical nor unlawful to provide your property with maximum protection against potential creditors. In fact, you have a moral obligation to yourself and your family to preserve what you have worked a lifetime to obtain. The **PURE TRUST** provides a lawful method of relinquishing ownership, and its inherent liabilities, while maintaining use or control of the property. This is accomplished by transferring the property into properly created and executed Pure Trusts, in exchange for valuable consideration, such as Trust Certificates.

A Pure Trust is "created" and given life, through Contract of Trust. This contract is referred to as the "**INSTRUMENT**." The Pure Trust is a "**JURISTIC PERSON**" which is a "person recognized by law." Both Trusts and corporations are juristic persons. People are "natural persons." A Contract of Pure Trust is formed by a "**CREATOR**" (The "**EXCHANGER**") then exchanges property for "**TRUST CERTIFICATES**" Which have **CONTINGENT FUTURE VALUE**. These certificates may either be retained by the exchanger or issued to Trust Certificate Holders of the Exchanger's choice. A Pure Trust is controlled by one or more Trustees, "for the benefit of one or an unlimited number of "**BENEFICIARIES**" The "**CORPUS**" of a Trust consists of all property held within the Trust. The **BENEFICIARIES** of the Trust are the "**TRUST CERTIFICATES HOLDERS**." A beneficiary has no control of the Trust, and the Trustees can only act in the best interests of the beneficiaries.

"Trust Estate" is **IRREVOCABLE**. This is not as intimidating as it sounds. You can still do anything with the assets of the "Trust Estate" that you could if you were a sole proprietorship. You can buy, sell or transfer property into and out of the Trust Estate. You merely cannot demand that a property be titled back in your own name. (*neither can the creditor!*) Transferring property into a Contract of

Trust is as simple as transferring it to your best friend. The Pure Trust has been one of the best-kept secrets of the richest families in America for centuries! Not only does it provide the ultimate asset protection, it provides significant tax benefits.

"A PURE TRUST IS NOT ILLEGAL IF FORMED FOR THE EXPRESS PURPOSE OF AVOIDING TAXATION."

Weeks v. Sibley D.C. 269 F.155 Edwards v. Commissioner, 415 f2d 578. 582 10th Cir. (1969)

DEPARTMENT OF TREASURY, IRS, HANDBOOK FOR SPECIAL AGENTS §412; Tax Avoidance Distinguished from Evasion "Avoidance of taxes is not a criminal offense. Any attempt to reduce, avoid, minimize, or alleviate taxes by legitimate means is permissible...."

"Anyone may arrange his affairs so that his taxes shall be as low as possible: he is not bound to choose that pattern which best pays the Treasury. There is NOT EVEN A PATRIOTIC DUTY TO INCREASE ONE'S TAXES... NOBODY OWES ANY PUBLIC DUTY TO PAY MORE THAN THE LAW DEMANDS."

HELVING V. GREGORY. 69F. 2 D 809

How to Answer Questions Regarding a "Trust Estate"

If the IRS, a creditor, an attorney or anyone should have any inquiries about the "Trust Estate". DO NOT divulge any information. A Trust is treated as an individual in law, and not a corporation that receives its power from a legislative body. You are, therefore, protected with all Constitutional Rights including but not limited to, the 5th Amendment of the Constitution for the United States which guarantees that people cannot be forced to testify against themselves.

You can say, "I am not the owner. the owner is on public record, contact them if you have any questions. If you have any further questions of me. put them in writing and sign it." DO NOT say anymore. even if you are threatened DO NOT BE INTIMIDATED. A creditor or the IRS, cannot break a trust. Only a properly constituted article III Judge can, if fraud or criminal intent can be shown.

If one is to enjoy the benefits of a "Trust Estate", then, NEVER say (or even think), "I have a Trust" or "My property was transferred to my Trust". The words "have" and "my" implies ownership and possession. Remember, you manage, control or benefit from the property, but you do not "own" it. This alleviates all the multiple potential liabilities that come from "ownership", but still leaves you with the benefits!

REMEMBER: YOU ARE NOT THE OWNER OF A "TRUST ESTATE."
YOU ARE, MERELY A MANAGER,
THE TRUSTEE OR A TRUST CERTIFICATE HOLDER!

HOW TO TRANSFER INTO A "TRUST ESTATE"

Transferring or exchanging assets into a "Trust Estate" is as simple as transferring property to another individual or to a business. In reality, you are merely **exchanging** property for Trust Certificates (with no immediately determinable fair market value) or you can sell or gift the asset to the Trust.

Nature of Holding of Title

IMPORTANT NOTE: *Although the name the Title is transferred to is the name of the "Trust Estate." In law, for the transfer to be legal, the property is actually transferred to the "Trustee(s)," doing business as, the "Trust Estate" (The Trustee's name does not, however, appear on the Title). It is not necessary to register a DBA or Fictitious Name Statement. The Contract of Trust defines the nature of the transfer of title. Simply put, the name of the "Trust Estate" is a "fictitious name" of the Trustee(s).*

Transferring (Exchanging) IRAs. Stocks. Bonds, Annuities. etc....

Stocks and bonds can be held by you as an **assignee** for the "Trust Estate". You can also exchange such assets as IRA's and tax deferred annuities for Capital Certificates without first cashing them out and paying the taxes. Use the Minutes of the "Trust Estate" to accomplish the exchange. County recording is not necessary.

Transferring (Exchanging) a non-encumbered Vehicle

It there is no lien on a vehicle. take the title and registration to the Motor Vehicle Department and transfer the vehicle into the "Trust Estate name". You make the transfer in the same manner as if you were selling your vehicle to a business. Just have the General Manager or Trustee sign on behalf of the "Trust Estate." Typically, the cost for this is minimal. Some states require verification of insurance at the time of registration. If you have acquired considerable equity in the vehicle. A "Trust Estate" may file a lien to protect that equity (i.e. A Common Law Lien or a Mechanic's Lien against the vehicles)

A "Trust Estate" is actually recognized as an individual in law, and NOT a **separate artificial entity** such as a corporation. This is why the "Trust Estate" has **endowed** Constitutional Rights but the Corporation does not. The protection of the trust property is provided by infrangible Contractual divisions of titles, rights, benefits and contractual restrictions, protections and immunities.

Transferring Insurance

For **car insurance**, request the agent to insure the General Managers as the driver of a vehicle. Just as if he or she were driving a car which is rented. This should eliminate having to secure commercial insurance. For **life insurance**, advise the insurance agent to change the beneficiary, on personal policies to the "Trust Estate."

Transferring (Exchanging) Real Property

*Order to exchange the title of a home and other real property from an individual owner to a "Trust Estate", fill out and sign a deed. There are two forms. one of which is a **Quick Claim Deed**. which is the simplest but lowest form of transfer. There is also a **Warranty Deed**, which is the only deed that holds the highest assurance of title.*

Fill in the appropriate information on the form, have it notarized by signing it before a notary public. A deed needs only to be signed by the Exchanger. The one exchanging the property. It does not have to be signed by the Trustee. The one to whom the property is being granted (*the "Trust Estate"*). Record the deed by taking it to the office of the County Clerk, County Recorder or whatever office records property transfers in the county. There Maybe a minimal filing fee required to be paid in advance. You may either have the new Title mailed to the Trustee or personally pick it up.

Some offices of the County Recorder may require an Affidavit of Property Value Form or something similar to be filled out. The reason they give for needing this information. is that the assessors use the data to develop tables and schedules for the uniform evaluation of properties based on fair market value. This form typically allows for an exemption of the filing fee, which maybe just a few dollars. It should not be necessary to fill out the form at all. *all that is needed, is to read the document, find the section that relates to the fact that this is a "transfer of title" from a person to a Trustee. With only nominal consideration therefore (or similar wording) and indicate that reference number on the face of the deed before filing.*

How to Establish a Bank Account for the "Trust Estate"

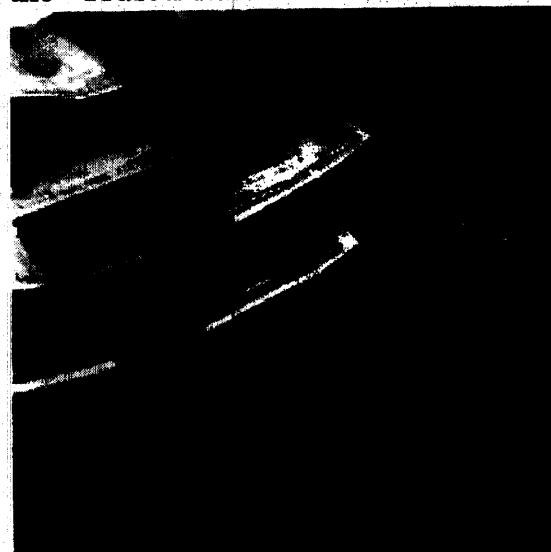
A separate bank checking account may be opened and retained for the "Trust Estate" This will afford access to funds but will provide privacy. The assigned Trust Identification Number [TIN] may be used as an identification number instead of a Social Security number since the account does not belong to the individual. If the bank refuses to accept the assigned identification number, it may be necessary to obtain a "banking only" identification number. File the SS-4 only as a last resort.

It would be best to select a bank where the General Manager or Trustee does not have an existing account. The Social Security number may be on file and a bank clerk may inadvertently connect the Contractual Business Organization with the Social Security number of the General Manager.

You may want to interview the bank before opening an account. Ask to speak to the Manager. Ask him or her if their bank opens noninterest bearing Trust Accounts. If they question you, state that it's a family trust. If they open these types of accounts. (*most banks do*) make an appointment with this person. Ask what he or she needs you to bring with you. Walk into the bank with a friendly attitude. The typical opening amount is \$100.00. Certain questions will likely be asked. Such as; "Is this your Trust?" The answer is "NO. I AM JUST THE GENERAL MANAGER (*or Trustee*) ."

If there is to be more than one signature, request that a signature card be taken so that the additional signers may sign it.

When asked for ID (*the bank needs to know that the person opening the account is in fact the person named in the Trust document*), show them a driver's license. A passport or another picture ID can also be used for identification. The bank may want your social security number for the purpose of verifying that



You do not have outstanding liabilities at other banks. Before you give them your number, get a commitment from them, that it will not be used in conjunction with the Trust Account.

Checks may be ordered at the choice of the General Manager. Do NOT have a personal name imprinted on the checks, just the "Trust Estate's" name. For purposes of continued privacy, use a post office box number as the mailing address (*private is best*), and do NOT have a phone number imprinted. Do NOT start with check #1. Start with a higher number such as 1000. It is also a good idea to have the words "General Manager" printed above or below the signature line of the checks. Most banks are very willing to accept money and open an account! Remember, bank clerks are instructed to follow certain procedures and may not be familiar with the procedures of opening this type of account. Show patience.

Do NOT Co-Mingle Funds

An attacking creditor may attempt to pierce the "Trust Estate" veil by trying to show that you, as an individual, and the "Trust Estate" are an alter ego. If you use the "Trust Estate" funds and associate them with an account in your personal name or pay personal bills from the account, that is also co-mingling. Co-mingling can be described by the following examples:



1. If you deposit any salary or paycheck made out in your name into the "Trust Estate", that is co-mingling. If you want the money to end up in the "Trust Estate," the check which you deposit should be made out in the name of the "Trust Estate." If you deposit a check from the "Trust Estate" into an account in your name, unless such check is your contracted salary as a General Manager or Trustee, that is co-mingling.

2. If you take cash out of the "Trust Estate" (*and it is not salary dividends, or a loan*) and spend it on yourself, that is co-mingling. It is suggested that you keep a set of accounting books showing what the cash was used for (*such as a loan*), for "Trust Estate" purposes. If you buy an object with funds from the "Trust Estate" (*and it is not salary, dividends or a loan*) and then you record personal title to that object (*such as an automobile or real estate*), that is co-mingling. However, if you buy an object from "Trust Estate" funds and record the object in the "Trust Estate" name, that is NOT co-mingling.

The main object is to treat the "Trust Estate" as a separate entity. For example, you would not give money to another person without expecting something in return. (*such as money or an IOU*) and you would not expect a third person to give you money without something in return.

FAMILY TRUST

NOTE: This document is a completed sample of The Family Trust. All names and addresses used to complete this document are fictitious. Please print and read this sample prior to completing the Family Trust in order to have a better understanding of the setup and operation of this Trust. Additional information can be found throughout The "Privacy and Asset Accumulation" Guide that can be found on this CD-ROM at the end of this document.

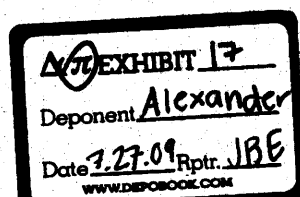


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ABC

FAMILY TRUST

**A Contractual Agreement
Constructed As A
"DECLARATION OF TRUST"**

It is expressly declared that an Unincorporated Business Trust Organization by Contract, otherwise known as a Declaration of Trust, or a Pure Trust, is hereby created, and not a living trust, or a partnership, or a company, or a corporation, or a joint venture, or a limited partnership, or a limited liability company or a trust as defined by the Internal Revenue Code (IRC).

Although multiple copies of this Trust Document may exist, the only TRUE version is the one held by the FIRST TRUSTEE. Any other version is merely a COPY thereof and cannot be legally relied upon for validity. The Board of Trustees will not be held responsible for any errors or misunderstandings in the translation of this document into any foreign language. If anyone has any questions as to the interpretation or intention of this document, please refer to the FIRST TRUSTEE.

Situs address:

BOARD OF TRUSTEES

ABC FAMILY TRUST

1234 EAST STREET

APT # 444

ANYTOWN, YOUR STATE USA

Caption Heading:
DECLARATION OF TRUST

THIS DOCUMENT IS CREATED UNDER COMMON
LAW RIGHT OF CONTRACT

Dated: JUNE 01, 1995

ABC FAMILY TRUST

**A Contractual Agreement Constructed As A
"DECLARATION OF TRUST"**

**Page 1 - DECLARATION OF TRUST
DECLARATION OF IRREVOCABLE TRUST**

I. This Declaration of Irrevocable Trust is created this 1ST day of JUNE A.D., 1995, between, John Doe hereinafter called the **SETTLOR** and Moe Loe, hereinafter called the **TRUSTEE**, and also known as the **FIRST TRUSTEE**, who are legal entities holding fee simple title, not differentiating between legal and equitable, not as individuals, but collectively as the Board of Trustees under the name of: ABC Family TRUST and collectively acting, herein, according to the inalienable Common Law rights afforded to men.

II. The **SETTLOR** hereby irrevocably assigns and conveys to the Trustee, in trust, specific properties as defined in Minute Number 1, hereto attached, in **exchange** for one-hundred (100) units of beneficial interest, hereinafter referred to as Trust Certificate Units (TCUs), that shall be of an equivalent, and yet, indeterminate value to both parties.

III. The Trustee shall open, maintain or close such bank accounts as necessary to receive and hold and/or to purchase or sell, in trust, any financial property for the use and benefit of the **BENEFICIARY**.

IV. a.1. The Trust shall be amendable, as described herein by appropriate Minute, and shall be irrevocable by the **SETTLOR** or by any other person or entity.

a.2. It being the intention of the **SETTLOR** to make to the Beneficiary(ies), an absolute gift of the Trust Certificate Units, in which the Beneficiaries shall NOT have a vested interest, until termination of this Trust and final distribution of accumulated assets or any early distribution thereof.

a.3. There shall never be more than 100 Trust Certificate Units available to the Beneficiary(ies).

V. a.1. This agreement and Trust created hereby shall be administered, managed, governed and regulated in all respects according to applicable Common Law as well as the Uniform Trustees' Powers Act and the Constitution of the united States of America (when and if they are applicable and/or allowable to remain under the jurisdiction of Common Law).

a.2. The Trust shall be domiciled in the city of ANYTOWN; State / Republic of YOUR STATE USA.

a.3. This Trust Organization shall enjoy the benefits of the Uniform Commercial Code (only when and if applicable and/or allowable to remain under the jurisdiction of Common Law) in the following citations: section 28: 1-105, TERRITORIAL APPLICATION OF THIS SUBTITLE; PARTIES' POWER TO CHOOSE APPLICABLE LAW, and section 28:1-207, PERFORMANCE OR ACCEPTANCE UNDER RESERVATION OF RIGHTS.

VI. The Trustees, in addition to all other powers granted by this agreement and by law, shall have the following additional powers with respect to the Trust, to be exercised from time to time at the discretion of the Trustee.

a. Management of the Trust

a.1. To invest and reinvest, lease, rent, mortgage, insure, repair, improve or sell any of the real and personal property of the Trust as the Trustee deems advisable.

b. Business Interests

b.1. To sell, liquidate or continue to operate, at the Trustee's discretion, any corporation, partnership or other business interest which may be received or initiated by the Trust.

c. Mortgages, Pledges and Deeds of Trust

c.1. To enforce any and all mortgages, pledges and deeds of Trust held by the Trust and to purchase at any sale thereunder, any such real or personal property subject to any mortgage, pledge or deed of Trust.

d. Litigation

d.1. To initiate or defend, at the discretion of the Trustee, any litigation affecting the Trust.

e. Attorneys, Advisors and Agents

e.1. To employ and to pay from the Trust, reasonable compensation to such, attorneys, accountants, brokers and investment, tax and other advisors as the Trust deems advisable.

f. Adjustment of Claims

f.1. To submit to arbitration, to compromise or to release or otherwise adjust, with or without compensation, any and all claims affecting the Trust Estate and/or Trust Organization

VII. No bond for the faithful performance of duties shall be required of any Trustee or Trust Officer or Trust Manager under this agreement.

VIII. The Trustee(s) shall receive reasonable compensation for their services performed.

IX.

a.1 Trustee, Trust Manager(s), or Trust Officer, created by this agreement, shall ever be held liable for any action or default of any Trustee, Trust Manager, or Trust Officer, or any other person in connection with the administration and management of this Trust unless caused by the individual's own gross negligence or by commission of a willful act of breach of trust.

a.2. A Successor-Trustee may be appointed by a court of competent jurisdiction or by consensus of the other Trustees and the Trust Manager(s), if any, and the Beneficiaries, if of legal age, if the First Trustee resigns without having named an appropriate replacement in the Minutes hereof.

X. The Trustee, through co-execution of this agreement, signifies acceptance of this Trust.

XI. The Trustee shall have sole authority to determine what shall be defined as income and what shall be defined as principal of the Trust established by this agreement, and to determine which costs, taxes and other expenses shall be paid out of income.

XII. In the event that any portion of this Trust agreement or the Trust created hereby shall be held unlawful, invalid or otherwise inoperative, it is the intention of the SETTLER that all of the other provisions herein shall continue to be in effect when possible, reasonable and legal.

XIII. IN WITNESS WHEREOF, the parties hereto have executed this agreement on the day and year first written above.

Signature
SETTLER: John Doe

Signature
FIRST TRUSTEE :Moe Loe

Signature
WITNESS: Sue Smith

Official Trust Mailing Address:
1234 East Street
Suite #444
ANYTOWN, YOUR STATE, USA

Situs address:
BOARD OF TRUSTEES
ABC FAMILY TRUST
1234 East Street
Suite #444
ANYTOWN, YOUR STATE, USA

Caption Heading:
TRUST INDENTURE

THIS DOCUMENT IS CREATED UNDER COMMON LAW RIGHT OF CONTRACT

Dated: June 01, 1995

ABC FAMILY TRUST

**A Contractual Agreement Constructed As A
"DECLARATION OF TRUST"**

page 5 -TRUST INDENTURE

CITY OF ANYTOWN
REPUBLIC OF YOUR STATE

TRUST ORGANIZATION DECLARATION OF TRUST, INDENTURE AND CONTRACT

1. The Trust organization created by this Contract and Trust Indenture is authorized to exist and function through its Board of Trustees, who are Legal Persons holding fee simple title, not differentiating between legal and equitable, not as individuals, but collectively as the Board, under the name of :

ABC FAMILY TRUST

and collectively acting, herein, according to the inalienable Common Law rights afforded to men.

2. This Agreement, Conveyance and Acceptance is made and entered into at this time and on the date appearing in the Acknowledgment and Declaration Page attached hereto, by and between: **John Doe**, the SETTLER, who for and in exchange for legal consideration and the acceptance by the First Trustee, by and in behalf of the Board of Trustees of the properties to be conveyed, and the conditions, terms and provisions of this Indenture, the Trust Organization Bylaws, and the Resolutions of the Board of Trustees interpreting the same and the right of the SETTLER to direct issuance of all Trust Certificate Units in the Trust Organization;

3. Hereby offers to convey to the Board of Trustees certain properties, the nature and identity and description of which are presently known to both the SETTLER and FIRST TRUSTEE, and which shall be further identified and described in Minute Number 1 and shall be incorporated herein by reference immediately upon its execution, in exchange for one-hundred (100) units of beneficial interest, hereinafter referred to as Trust Certificate Units (TCUs), that shall be of an equivalent, and yet, indeterminate value to both parties.. SETTLER warrants its authority to transfer such interest in said properties as is specified in attached said Minute Number 1;

4. And Moe Loe, the FIRST TRUSTEE, who by signing this Indenture hereby accepts on behalf of the Board of Trustees, the properties set forth in Minute Number 1, accepts the conditions, terms and provisions of this Indenture, the Bylaws, and the Resolutions of the Board of Trustees interpreting the same as recorded in the Minutes of its meetings from time to time, which shall serve as the governing instruments of the Board, and agrees to transfer all beneficial interest / Trust Certificate Units of the Trust Organization in accordance with SETTLER's direction.

5. As part of the consideration herein, SETTLER agrees and covenants that it shall not change this Trust Indenture in any manner; nor shall it reserve or retain any dominion or control over the principal or income of the Trust Estate, nor any power to change in any manner this Trust Indenture or Trust Organization Bylaws.

6. SETTLER agrees and covenants that it shall not, and has not engage(d) in any secret agreements or prearrangement of any type with the Trustees of this Trust Organization, that obligates them to act in any manner in its sole interest, and not as fair, unbiased, and independent fiduciaries in the best interest of the Certificate Unit Holders.

7. The acceptance and signing of the Indenture by the FIRST TRUSTEE shall constitute the first Board of Trustees, and the signing and acknowledging of appropriate Trust Minutes by subsequently appointed Secondary Trustees shall constitute their acceptance of the Trust Indenture and Trust property in the same manner as the FIRST TRUSTEE, and the assets and emoluments thereof shall immediately vest in any new Trustee as fiduciary for the Trust Estate without further act or conveyance, except as may be required by local law.

8. The FIRST TRUSTEE may appoint Secondary Trustees and the Board of Trustees shall increase or decrease the number of Trustees as appropriate to the affairs of the Trust Organization.

9. No bond shall be required of the FIRST TRUSTEE, nor shall any bond be required of any future secondary Trustees appointed to the Board, unless the Board of Trustees, by appropriate Minute, requires such of any newly appointed Trustees.

10. The Board of Trustees may appoint a First Secretary, whose sole duties and powers shall be to serve as a Protector of the interests of the Beneficiaries hereof, by having the power to remove any Secondary Trustee, upon written notice, so long as said First Secretary shall, concurrently with the effective date of the removal of such Trustee, appoint a qualified and financially competent, bonded Successor-Trustee, who shall take office at that time.

11. The First Secretary shall also have the option to request the power to attest to the correctness of the Minutes and Resolutions of the Board by petitioning the Board, in writing, for final sign-off privileges on future Minutes.

12. This Trust Organization shall be originally domiciled, interpreted and construed under the Constitution of the United States of America.

13. The domicile, and thereby the controlling interpretational laws under which the Trust Organization shall be construed, may be changed to any other state or Nation as shall be deemed prudent, wise, necessary or appropriate by the Board of Trustees.

14. This Trust Organization shall enjoy the benefits of the Uniform Commercial Code and the Uniform Trustee's Powers Act (only when and if applicable and/or allowable to remain under the jurisdiction of Common Law) in the following citations: section 28:1-105, TERRITORIAL APPLICATION OF THIS SUBTITLE; PARTIES' POWER TO CHOOSE APPLICABLE LAW, and section 28:1-207, PERFORMANCE OR ACCEPTANCE UNDER RESERVATION OF RIGHTS.

15. The principal address and situs of the Trust Organization shall be 1234 East Street, Suite # 444 ANYTOWN, YOUR STATE unless changed by the Board of Trustees.

16. The Situs address and the mailing address do not have to be the same and either may be changed by appropriate Minute by the Board.

17. The Board of Trustees shall have, except as modified by the terms of this Trust Indenture, the Trust Organization Bylaws and Resolutions of the Board of Trustees interpreting the same, all of the powers of Trustees under the Common Law, as well as those specified under the Uniform Trustees' Powers Act, including, but not limited to, the power to make any type of investment for the benefit of the Trust Estate, to borrow money for any Trust Organization purpose, to buy, sell, hold title to and/or encumber property or hypothecate by mortgage or deed or trust or pledge, or otherwise take any measures it deems appropriate to expand the capital of the Trust Estate.

18. The Board of Trustees shall have all the powers necessary to operate, manage and control this Trust Organization for the benefit of the Beneficiaries, and shall take any action which it deems necessary and proper to carry out such purposes, provided however, that the Board shall not possess any power or take any action contrary to law or inconsistent with the provisions of the Trust Indenture and Trust Bylaws.

19. It is also expressly provided that the Board of Trustees shall not possess or exercise any power which would, by its possession or exercise, cause the income of this Trust to be taxed to the SETTLER or TRUSTEE under the Grantor -Trust provisions of the Internal Revenue Code.

20. The Board of Trustees shall have full authority to determine what shall constitute principal of the Trust Estate, gross income therefrom, net income distributable under the terms of this Indenture and Bylaws to the Beneficiaries, and to allocate between principal and income, and such decision shall be conclusive.

21. Notice is hereby given to all persons or legal entities doing business with, extending credit to, contracting with, or having a claim against this Trust Organization, that the Board of Trustees is not personally liable when dealing with Trust property or matters, and such persons must look only to the assets of the Trust Estate for payment of, or for settlement of any debt, tort, damage, judgement or decree, or for any indebtedness which shall become payable thereunder.

22. No Trustee shall be liable for the act or omission of a Co-Trustee, or any other person whatsoever, whether employed by such Trustee or not, or for anything other than his own personal breach of the Trust Contract.

23. Any person shall be entitled to rely upon a copy of the original Declaration of Trust and any instruments duly executed in accordance with the provisions thereof, to the same extent as the original document, when such copy is approved by the Board of Trustees.

24. An approved minute of the Board of Trustees authorizing what it is they determine to do or have done shall be sufficient evidence that such an act is within their power to those doing business with the Trust.

25. Anyone lending or paying money to the Board of Trustees shall not be obliged to see the application thereof.

26. This Trust is expressly irrevocable, and may not be altered, amended or terminated except as set forth and permitted in the Indenture and Bylaws.

27. This Trust shall continue for a term of ninety-nine(99) years from the date of inception.

28. The procedure to follow for terminations shall be specifically set forth in the Bylaws.

29. The Trust shall also be renewable, if renewed prior to its termination.

30. The procedure to follow to renew this Trust shall be specifically set forth in the Bylaws.

31. The Beneficiaries of this Trust shall be the holders of the Trust Certificate Units.

32. The Board of Trustees shall issue no more and no less than one-hundred (100) Trust Certificate Units.

33. Trust Certificate Units may be subdivided by the Board of Trustees into units of smaller denomination, or merge smaller denominations into larger ones, but the total Trust Certificate Units shall never exceed or be less than one-hundred(100) Units.

34. At the creation of this Trust, all Trust Certificate Units shall be transferred by the Board of Trustees in accordance with the SETTLER's direction and SETTLER may periodically add to existing or replace deceased Beneficiaries per his wishes. The FIRST TRUSTEE may assert those directions in SETTLER's absence.

35. The documentation of the initial, or any subsequent, transfer of TCUs in the official records of the Trust shall be conclusive proof of the proper holder of any units issued by the Board of Trustees.

36. These units, following the initial transfer, shall be strictly limited in transferability, as set forth in the Bylaws.

37. No purported transfer by any Holder shall operate to transfer any rights in any Units until and unless such transfer is first approved by the Board of Trustees.

38. The number of Units held by the Beneficiary shall be their percentage of any distribution due to that Beneficiary when distributions are made.

39. The number of Units held shall also be the percentage such Beneficiary shall be entitled to of any Trust assets which remain at the termination of this Trust.

40. No title to any of the Trust assets, whether legal or equitable or the income therefrom shall vest in any beneficiary until the actual termination of this Trust, or early distribution thereof, and neither the income nor principal of the Trust shall be liable for any debts of any Beneficiary.

41. The holding of Units does not entitle the Holder to any management power or rights; nor shall the death of a Holder, or transfer by a Holder, entitle his heirs, legal representatives, or transferees to demand any division of the property of the Trust, nor any special accounting, nor entitle such to any rights whatsoever, except that any proper transfer of any Units shall entitle any new Holder to the exact same rights as the old Holder.

42. All rights of any Holder terminate upon the death of that Holder.

43. No Holder shall have any power to sell, assign, transfer or in any other manner anticipate or dispose of his Units except under the strict procedures as set forth in the Bylaws.

44. If any sentence, paragraph, clause, section or provision of this Trust Indenture, Bylaws or Minutes of this Trust is held to be unenforceable or invalid, it shall not affect any of the remaining provisions and they shall be given full legal effect nonetheless.

45. IN WITNESS WHEREOF, the SETTLER hereof and the FIRST TRUSTEE thereof, in the name of the Board of Trustees, have hereunto set their hands and seals in token of the conveyance, delivery and acceptance of property, assets or other things of value, and the obligations and duties as herein assumed by the Board of Trustees, assent to all conditions herein as imposed and expressed, this 1st day of June, 1995

Signature
SETTLER: John Doe

Signature
FIRST TRUSTEE: Moe Loe

Signature
WITNESS: Sue Smith

page 10 - TRUST INDENTURE

Situs address:
BOARD OF TRUSTEES
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ANYTOWN, YOUR STATE, USA

TRUST ORGANIZATION BYLAWS

A. ORGANIZATIONAL PURPOSE

1. The Organizational Purpose is to sustain and improve this Trust Estate so the Trust Certificate Unit Holders may possess the things of life sufficient to provide for growth, health, protection, education, refinement, recreating, welfare, expansion, preservation and continuation and not just simply an arrangement to protect and conserve the property for the beneficiaries.

2. Any and all persons may add property to this Trust Estate by gift, will, bill of sale, quit claim, or by deed, with the consent of the Board and with the intent of being eventually distributed to the Trust Certificate Unit Holders / Beneficiaries.

B. ORGANIZATIONAL INTENT

1. It is expressly declared that an Unincorporated Business Trust Organization by Contract, otherwise known as a Declaration of Trust, or a Pure Trust, is hereby created, and not a living trust, or a partnership, or a company, or a corporation, or a joint venture, or a limited partnership, or a limited liability company or a *trust* as defined by the Internal Revenue Code (IRC).

2. Nothing contained herein shall be construed as an intent to evade or contravene any law, nor to delegate any special power belonging exclusively to company law or a corporation.

3. The expressed intent of the Parties to this Contract is to create a Trust Organization for the benefit of the Trust Certificate Unit Holders and to accumulate and hold the various assets that become available and to provide for a prudent and economical administration / distribution system administered by legal persons acting in a fiduciary capacity, beginning at once and not deferred until after the death of any SETTLER, and requires that the Board of Trustees act solely upon its rights under the Constitution and Common Law, and the immunities vouchsafed thereunder, in administering the Trust Estate according to the Trust Indenture and Bylaws.

C. GRANTOR - TRUSTEES

1. It is expressly provided that it is against the purpose and intent of this Trust Organization for the income of the Trust to be taxed to the SETTLER or TRUSTEE under the Grantor-Trust provisions of the Internal Revenue Code.

2. Should any Trustee of this Trust be legally deemed a Grantor of this Trust, such Grantor-Trustee shall be prohibited from having or exercising the following powers, to wit:

- a. A power of disposition exercisable over the beneficial enjoyment of the corpus or income of the Trust, without the approval of an adverse party Trustee;
- b. A power to deal for less than adequate and full consideration, concerning the Trust;
- c. A power to borrow without adequate interest and/or security from the Trust, without the approval of an adverse party Trustee;
- d. A power to obtain loans from the Trust which extend past one year, and which are authorized without the approval of an adverse party Trustee;
- e. A power of administration in a non fiduciary capacity, concerning Trust matters;
- f. A power to revoke or terminate the Trust and thereby revert title to such Trustee;
- g. A power to distribute income of the Trust to such Trustee, or their spouse, without the approval of an adverse party Trustee;
- h. A power to hold or accumulate income of the Trust for future distribution to such Trustee or their spouse, without the approval of an adverse party Trustee;
- i. A power to apply income of the Trust to the payment of premiums on policies of insurance on the life of such Trustee or their spouse;
- j. Or any power or act which would cause the income of the Trust to be taxed to the SETTLER or TRUSTEE under the provisions of the Internal Revenue Code.

3. In addition, in any vote concerning any matter from which Grantor-Trustee would be excluded by operation of these rules, the vote of the Board of Trustees must be unanimous (excluding, of course, any such Grantor-Trustee, if existing).

4. No member of the Board of Trustees shall possess or exercise a power of administration in a non fiduciary capacity, nor a power exercisable solely by himself to vest the corpus or the income therefrom in himself, or any other power, the possession or exercise of which would cause the income of the Trust to be taxed to the FIRST TRUSTEE or to the SETTLER.

5. The Board of Trustees (excluding any Grantor-Trustee) as a board shall be deemed to have a general power of appointment consistent with the provision of the Trust Indenture and these Bylaws over the Trust Estate. The appearance of any signature on any Minute of the Board of any Grantor-Trustee concerning any matter which such Grantor-Trustee has no power concerning, shall be deemed to be mere surplusage, and merely an indication that such a vote by the Board of Trustees took place, and not any indication of the exercise of a prohibited power. Should by error, any Grantor-Trustee participate in any vote on a matter about which he has no power, his vote is deemed to be void and without effect.

D. ADMINISTRATION

1. The Board may enter into financial transactions with any Trustee, Beneficiary, Trust Managers, Officers or other related persons only for adequate consideration and upon adequate security.

2. Any Trustee is authorized to loan or advance funds to the Trust for any purpose and such transaction, together with stated interest, shall be a first lien against the Trust Estate, and shall be repaid therefrom, so long as any such transaction is recorded in the Minutes of the Trust.

3. Any Trustee is further authorized to deal with the Trust in general business matters, provided that in all such transactions, the Trustee retains therein their fiduciary obligation.

4. Any Grantor-Trustee shall abstain from voting, if benefiting from the transaction and the remaining Trustees must unanimously concur.

5. Under no circumstances shall the SETTLER have any interest in any investment made by the Board of Trustees, other than such legal interest as would a stranger to the Trust Organization have in the particular transaction.

6. The Board is authorized to deal with the SETTLER, to purchase property or to sell property, but always at fair market value and for an adequate and full consideration.

7. Nothing in this paragraph shall be construed as conferring power upon the SETTLER to reacquire Trust Corpus, or any part thereof by substituting other property of an equivalent value.

8. Funds accruing in the Treasury of the Trust shall constitute the operating funds of the Trust Organization.

9. The Board of Trustees may authorize liquidation of assets for the purpose of adding to said operating funds.

10. The Board shall, as it deems proper and necessary, provide for operating funds through any type of borrowing, either unsecured or directly or indirectly secured.

11. The Board of Trustees may also designate third parties to hold funds or title to Trust property in another name for specific purposes necessary to the use and operation of the Trust Organization.

12. The Board shall pay all property taxes, assessments, charges, debts, bills and obligations arising out of the maintenance, operation and administration of the Trust Organization and Estate.

13. There shall be a charge upon the Estate for said expenses and this charge shall be paid from Trust income, funds or principal and Board decisions with respect to such matters shall be conclusive.

14. The Board is further authorized to pay expenses of Trustees, Officers, Executives, Managers and like persons, incurred while on Trust business.

15. In any matter for which doing business under the Trust name is not deemed to be legal, the Board of Trustees is authorized to do business in the name of individual Trustees with appropriate reference to their fiduciary capacity, provided that such does not affect the legality of either the business done or the Trust Organization itself.

E. MANAGEMENT

1. The Board of Trustees shall, at its discretion, have power in connection with the management and control of the Trust Organization to appoint one of its Trustees, or a qualified non-Trustee, to the position of Trust Manager(s).

2. Said appointment will also require an appropriate Independent Contractor Agreement to be on file for said title to become effective.

3. The Trust Manager(s) shall have full authority to manage the Trust Organization including, but not limited to, the routine day-to-day operations, subject, at all times, to the scrutiny of the Board of Trustees.

4. If no Trust Manager is appointed, the FIRST TRUSTEE shall retain all management duties.

5. The Board of Trustees shall have the power to contract for the services of any assistants, agents, brokers, attorneys, barristers, solicitors, clerks, aides, contractors, subcontractors, investment counsel, or any others as it shall deem necessary for the expedient and proper function of the Trust Organization.

6. Any Trustee may hold two or more offices simultaneously in the Trust Organization and be deserving of such compensation for all services rendered.

7. The Board of Trustees shall appoint a First Secretary as set forth in the Trust Indenture, and shall appoint such other officers and executives as it deems necessary.

8. Reasonable compensation to all Trustees, Trust Manager(s), officers, executives or other persons, shall be fixed by and paid at the discretion of the Board.

9. All Trustees, Trust Manager(s), officers and executives shall have the right to waive any compensation for their services.

F. RESIGNATION

1. Any Trustee, Trust Manager or Trust Officer shall have the discretionary power to resign from their duties with the Trust Organization by appropriately providing 30 days written notice.

G. TRUSTEE REMOVAL

1. A Secondary Trustee may be removed from office:

- a. for GROSS NEGLECT OF DUTY - removal by the unanimous vote of the other Trustees, excluding any Grantor-Trustee;
- b. by MANDATE OF A COURT OF COMPETENT JURISDICTION - when guilty of fraud, theft, malfeasance in office, or other sufficient legal cause;
- c. by FIRST SECRETARY- based totally on First Secretary's discretion.

2. In the event of incapacitation, death, resignation, or removal from office of any Trustee, the Board of Trustees shall, by unanimous vote, excluding any Grantor-Trustee, either appoint a Successor Trustee, or vote to reduce the number of Trustees.

3. Should there remain no qualified Trustees to vote for a Successor-Trustee, the Beneficiaries may apply to a court of competent jurisdiction to appoint one Trustee, who shall have the power to appoint other Trustees.

4. Changes of Trusteeship for any reason shall not dissolve, terminate or impede the day-to-day operations of the Trust Organization.